

Innovation Toolbox

Networking

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TABLE OF CONTENTS

| | | |
|-----|---|----|
| 1.0 | INTRODUCTION | 1 |
| 2.0 | TYPES OF NETWORKING | 3 |
| 3.0 | WHO SHOULD BE IN YOUR NETWORK?..... | 6 |
| 3.1 | Review within your organisation | 6 |
| 3.2 | Review external to your organisation..... | 7 |
| 4.0 | NETWORKING..... | 9 |
| 4.1 | Preparation..... | 9 |
| 4.2 | Networking events | 9 |
| 5.0 | STRUCTURING YOUR NETWORKS..... | 10 |
| 6.0 | EVALUATING YOUR NETWORKS | 11 |
| 7.0 | SUMMARY | 12 |
| 8.0 | PROGRAMS AND SERVICES..... | 13 |

1.0 INTRODUCTION

As technology becomes more complicated, complex competitive advantage is derived from expertise in integrating knowledge and technologies of others in novel and valuable ways¹. Research has shown that some companies have a shortage of good ideas because of inadequate networks. Managers fail to forge quality links with others outside their company².

The need to develop quality networks is vital, especially in the era of globalization, where it is difficult to obtain and maintain competitive advantages due to the ease of access to information. Therefore it is general wisdom that virtually no company should innovate on its own³. Establishing networks, which could be individuals, teams, or organizations, linked by relationship,⁴ is essential to integrating knowledge and technologies internal and external to the organisation.

Developing networks (networking) can occur naturally but in most cases there is a strategic approach to developing networks that create competitive advantage for an organisation.

Most people don't take to networking naturally. However, it is a skill that can be developed and time spent networking will save time down the road when trying to identify innovative solutions, leverage resources (including capital) and achieve success. Recent research has found that differences in individual creativity and intelligence matters less for innovation than strong connections and networks⁵.

The impact of networking and in turn developing collaborations for innovation is best summarized in the following two examples:

¹ Dodgson M., Gann D., Salter A., *The Management of Technological Innovation*, Oxford University Press 2008.

² Hansen M., Birkinshaw J., *The Innovation Value Chain*, Harvard Business Review, June 2007.

³ Pisano G.P., Verganti R., *Which Kind of Collaboration is Right for You*, Harvard Business Review, Dec 2008

⁴ Dodgson M., Gann D., Salter A., *The Management of Technological Innovation*, Oxford University Press 2008.

⁵ Fleming L., Marx M., *Managing Creativity in Small Worlds*, California Management Review, 2006, Vol. 48, pp. 6-27

“A global survey conducted by IBM found that when CEO’s were asked where the sources of innovative ideas for their companies came from, first was employees, closely followed by business partners and also customers”.

“An economic analysis of Australian businesses found collaboration is associated with a 70% increase in the chance of achieving a creative innovation”.

These examples show the power of strong internal and external networks in facilitating innovation through the effective communication of creative ideas.

2.0 TYPES OF NETWORKING

There are a number of different types of networking including operational, personal and strategic (Table 1).

Table 1. The three forms of networking⁶

| | Operational | Personal | Strategic |
|--|---|---|--|
| Purpose | Getting work done efficiently; maintaining the capacities and functions required of the group | Enhancing personal and professional development; providing referrals to useful information and contacts | Figuring out future priorities and challenges; getting stakeholder support for them. |
| Location and temporal orientation | Contacts are mostly internal and orientated towards current demands. | Contacts are mostly external and orientated towards current interests and future potential interests. | Contacts are internal and external and orientated towards the future. |
| Players and recruitment | Key contacts are relatively nondiscretionary; they are prescribed mostly by task and organizational structure, so it is very clear who is relevant. | Key contacts are mostly discretionary; it is not always clear who is relevant. | Key contacts follow from the strategic context and the organizational environment, but specific membership is discretionary; it is not always clear who is relevant. |
| Network attributes and key behaviours | Depth: building strong working relationships. | Breadth: reaching out to contacts who can make referrals. | Leverage: creating inside-outside links. |

⁶ Ibarra H., Hunter M., How Leaders Create and Use Networks, Harvard Business Review, Jan 2007.

Operational networks include not only direct reports and superiors but also people who have the power to block or support a project and key outsiders such as suppliers, distributors and customers.

Personal networks can provide important referrals, information and often developmental support such as coaching and mentoring.

Strategic networks provide opportunities to look at the bigger picture through mentoring or simply a different perspective of your organisation.

Another way to segment networking is **networking** and **Networking**.

networking develops social networks, acquaintances that do not have direct strategic importance for your organisation. However they can be a great connection with people who have the skills, knowledge and network to help you achieve your business goals.

Networking targets people important to achieving the goals of the organisation. People in your **network** may move into your **Network** as their influence on your business goals change and vice-versa.

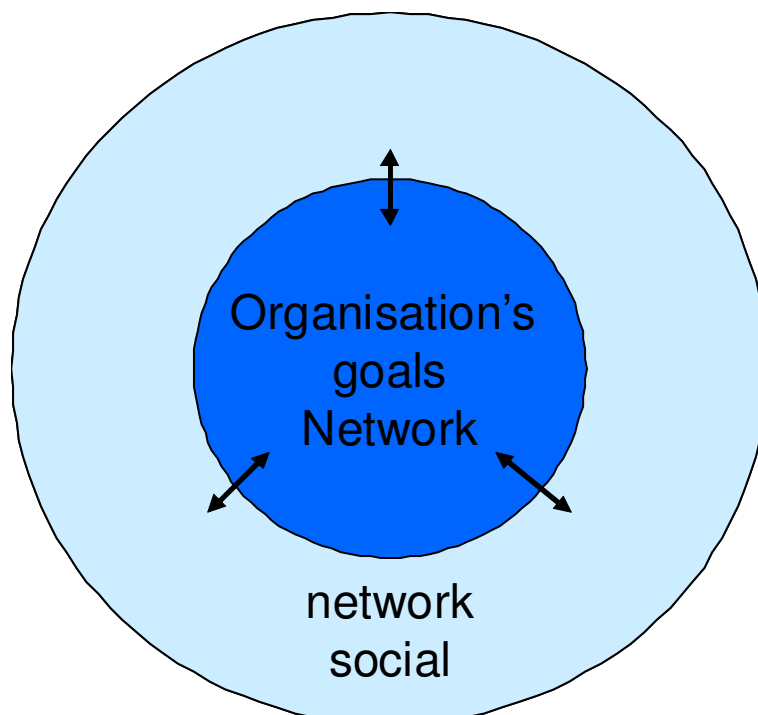


Figure 1. Diagram depicting the exchange of people from social **network** to strategic **Network** and vice-versa.

While all types of networking overlap, strategic networking will provide the most immediate impact on your organisation and will be discussed further. That said you should always look

to expand your **n**etwork as opportunities can be serendipitous and what makes a social network so powerful is its referral potential which can lead to the expansion of your **N**etwork.

3.0 WHO SHOULD BE IN YOUR NETWORK?

There are some simple questions you can ask yourself when you are deciding who should be in your network. They include:

- ➔ Who can help me?
- ➔ Who knows what is going on?
- ➔ Who already has strong networks?
- ➔ Who are the critical links in the supply and information chain?
- ➔ Who are the high profile people?

3.1 Review within your organisation

Generate a map of the people in your organisation and then establish the level of connection you have with the people in your organisation and who introduced you to these people. This will give you an opportunity to identify where there are gaps in your network and identify the gate keepers (also known as superconnectors or brokers) of information and technology within your organisation (Figure 2). These people often bridge clusters. They can be at any level but are key to the flow of communication. Having these people in your network will keep you informed of the key issues within the organisation and will aid in the dissemination of yours and others ideas.

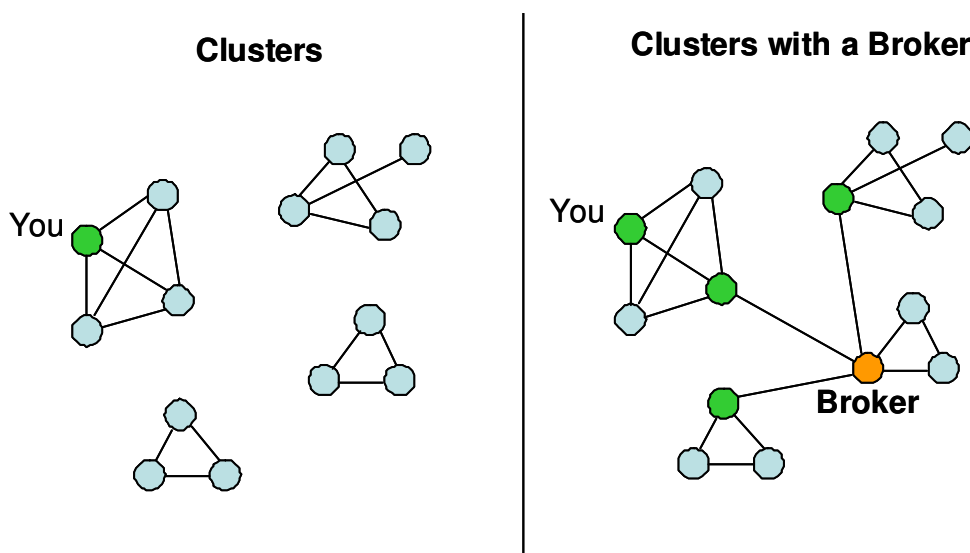


Figure 2. Importance of Brokers in Companies⁷

The two panels highlight the importance of a broker in connecting clusters and expanding the flow of information.

3.2 Review external to your organisation

Identify where you fit within the supply chain. Do you know your suppliers' suppliers and customers' customers (Figure 3, A)? They may be one removed from the organisation but they will allow you to be informed of any issues with supply of inputs or demands of outputs before they are received through the conventional communication channel. This is also another avenue for ideas. As mentioned in the example above the third highest source of innovative ideas came from customers and by including your customers' customers you have dramatically increased the pool of innovative ideas. As you map out your network external to the organisation remember also to look for the brokers as these people are a valued asset.

Then look broader into your industry, are there opportunities for not only vertical but also horizontal integration (Figure 3, B). Look for opportunities to network with competitors. Organisations competing in the same markets have commonalities that can be exploited to reach new markets. Also think of the industry and those peripheral stakeholders as an ecosystem where all parts are interrelated. Try mapping the ecosystem. This will identify areas where you are not networked and therefore require further attention. Universities and research institutes are a prime example of organisations on the periphery of many industries but are a rich source of creative thinking that can be translated in innovation.

Finally look at areas outside the ecosystem, especially in areas where innovation and creative thinking are prevalent. It is easy to have a narrow focus but it is amazing how often an existing technology used within another industry is applicable to your industry and organisation. The Queensland Government has recently undertaken R&D Forums and Technology Clinics to allow organisation to interact with researchers and other organisations to create innovative ideas to address common industry issues.

⁷ Uzzi B., Dunlap S., How to Build Your Network, Harvard Business Review, Dec 2005.

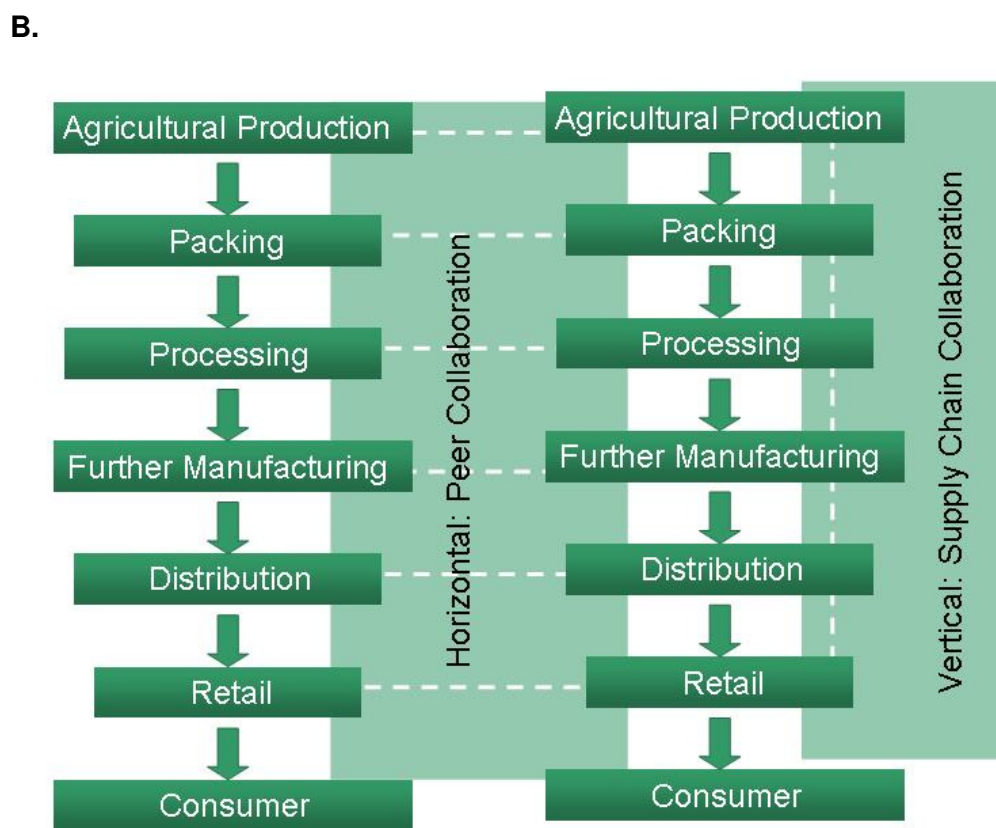
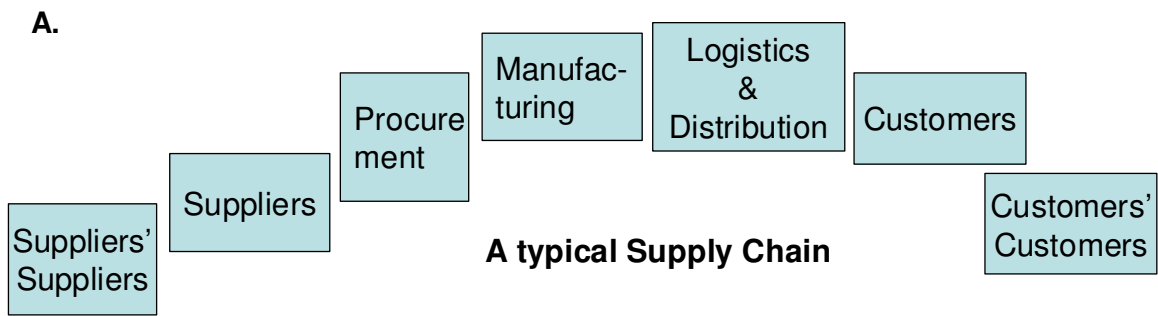


Figure 3. Supply Chains. A. A generalized representation of a supply chain. B. An example of the vertical and horizontal integration of a supply chain in the food industry.

4.0 NETWORKING

4.1 Preparation

When you go to events be prepared to engage the people in the room. Have an elevator pitch (a very brief description of you, your company and potentially, your innovation) that quickly engages the person when they ask you about your work.

Think of some insightful questions that will help you to find synergies with the person you are talking with.

They may include “What do you regard as a great opportunity for your organisation?” This will give you an opportunity to see where you are able to assist.

Also have business cards ready to handout. The person you are networking with may have an exceptional memory and can remember everyone they meet but it does help if they have your card to refer to in the future.

4.2 Networking events

- Government held events both federal and state (contact your states regional centre for events in your region)
- Trade shows and conferences
- Industry held events
- Workshops
- Committees
- R&D Forums and Tech Clinics

Other types of networking include LinkedIn which is a business orientated social networking site. LinkedIn allows registered users to maintain a list of contact details of people they know and trust in business. Discussion groups can also be formed between contacts with similar interests.

Be strategic in your approach, there is not enough time to attend all the events. First look for those events attended by people you want to meet and in your industry area. Then identify events outside of what you would normally attend. The connections here can provide some of the more creative collaborations. Also look to those people within your organisation who have the skills to be superconnectors and enlist their help in creating an effective network for the organisation. As your network grows look more to establishing key cluster links.

5.0 STRUCTURING YOUR NETWORKS

Structure your networks into layers depending on importance to the organisation. You have not got enough time to continually reconnect with everyone in your network. Establish levels of connectiveness:

- ➔ Daily – Those you work with and rely on to achieve your daily work.
 - ➔ Weekly – The people in your supply chain
 - ➔ Monthly – The people who you can vertically integrate with.
 - ➔ Bi-monthly – the broader industry
 - ➔ Quarter – The larger ecosystem
- Half yearly – Those people outside the larger ecosystem

6.0 EVALUATING YOUR NETWORKS

Your network is not stagnant but is constantly growing and changing. People enter and exit the organisation, industry and ecosystem. Therefore regularly reassess your network. Look at the maps of your organisation and ecosystem, identify the changes since last reviewed. Think about how you can create more value to the organisation through your networks. Look at who you want to include and establish a strategy to meet this person. Remember this is where your social network can be effective. Look for people in both your network and Network that know this person and can introduce you to this person. It is far better to be introduced than cold call.

7.0 SUMMARY

Innovation is more effective through networking.

There are three main types of networking: Operational, Personal and Strategic.

Be strategic; identify who is best for your network and how best to network.

Develop an internal and external network map in relation to your organisation. Identify gaps and gatekeepers/brokers.

Be prepared when you attend networking functions. Think of engaging questions that will identify how you could potentially help people.

Remember, be patient, you may not be able to find a connection straight away.

Regularly review your network.

Finally, help wherever you can as your contact will think of you first. Remember it is not only how many people you know but also how many people know you. Reciprocate information and stay in touch. Network maintenance requires time and effort and a solid network of 50 is better than 1,000 acquaintances.

8.0 PROGRAMS AND SERVICES

Queensland Government regional programs:

www.regions.qld.gov.au

iLab Incubator Pty Ltd

www.ilab.com.au

Innovation centre Sunshine Coast

www.innovation-centre.com.au

Gold Coast innovation Centre

www.gcic.net.au

QUT Creative Enterprise Australia

www.creativeenterprise.qut.com.au

Enterprise Connect

<http://www.enterpriseconnect.gov.au>

Queensland's Biotechnology and Medical Devices Industry Forum

<http://www.bmdif.com.au>